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10/679,054

10/03/2003

Kevin G. Woodruff

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EXAMINER

SHRESTHA, BIJENDRA K

ART UNIT

PAPER NUMBER

3691

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/679,054	<b>Applicant(s)</b> WOODRUFF ET AL.	
	<b>Examiner</b> BIJENDRA K. SHRESTHA	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 21 April 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-25 and 33-51 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-25 and 33-51 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## DETAILED ACTION

Claims 1-25 and 33-51 are presented for examination. Applicant filed an amendment on 04/21/2008. After careful consideration of applicant's arguments, Examiner maintains the grounds of rejection of claims in the instant application as set forth in detail below. Applicant's arguments with respect to claims have been fully considered but they are not found persuasive.

### ***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-25 and 33-51 are rejected under 35 U.S.C. 103(a) as being unpatentable over Aberman et al., U.S. Pub No. 2006/0218069 (reference A in attached PTO-892) in view Seaman U. S. Pub No. 2002/0138382 (reference B in attached PTO-892).

3. As per claim 1, Aberman et al. teach a unit having a stated amount (see paragraph [0053]; where REIT issues 6 million equity units preferred stock for about \$150 million), comprising:

a fixed income security having a principal amount, a maturity date, and an interest rate (see paragraph [0053] and [0058]; where 6 million equity units preferred stock for about \$150 million is issued matures at the end of three years period; the

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examiner notes that preferred stock is hybrid security having characteristics of bond and stock in some way and another); and

a forward purchase contract (see paragraph [0053], wherein the fixed income security and the forward purchase contract are separable (see Fig. 2, paragraph [0030] and [0058]),

wherein the forward purchase contract obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit for a price equal to the stated amount of the unit no later than a settlement date specified in the forward purchase contract (see paragraph [0034] and [0053]), and

Aberman et al. do not teach the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit.

Seaman teaches the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit (Seaman, Fig. 3, step 304; paragraph [0010] and [0011]; the Examiner interprets exchangeable securities offered at discount for exchange with underlying securities is equivalent to issuer paying purchaser at issuance of the unit).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to include the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit of Aberman et al. because Seaman teaches including above feature

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enable the issuer to issue security to purchaser at market determined price including discount for agreement to exchange to underlying security (Seaman, paragraph [0011]).

4. As per claim 2, Aberman et al. in view Seaman teach claim1 as described above. Aberman et al. further teach the unit, wherein

the maturity date of the fixed income security is at least two years after the specified settlement date of the forward purchase contract (see paragraph [0053] and [0058]; where 3 year forward purchase commitment or purchase contract is assigned for each investment unit).

5. As per claim 3, Aberman et al. in view Seaman teach claim1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by the issuer of the unit (see paragraph [0053]).

6. As per claim 4, Aberman et al. in view Seaman teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a subsidiary of the issuer of the unit (see paragraph [0034]).

7. As per claim 5, Aberman et al. in view Seaman teach claim1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a trust, wherein the issuer has an ownership interest in the trust (see paragraph [0053] and [0061]; where preferred securities is issued by Real Estate Investment Trust (REIT)).

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8. As per claim 6, Aberman et al. in view Seaman teach claim 5 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is a trust-preferred security (see paragraph [0053]).

9. As per claim 7, Aberman et al. in view Seaman teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is a bond (see paragraph [0053]; the Examiner notes that preferred security is hybrid security, similar to bond in some respect).

10. As per claim 8, Aberman et al. in view Seaman teaches claim 1 as described above. Aberman et al. further teach the unit, wherein

the issuer of the unit is not the issuer of the equity securities (see paragraph [0030] and [0034]).

11. As per claim 9, Aberman et al. teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a parent of the issuer of the unit (see paragraph [0034]).

12. As per claim 10, Aberman et al. teach a method, comprising:

issuing a unit having a stated amount, the unit including a fixed income security and a forward purchase contract, wherein the fixed income security and the forward purchase contract are separable; paying at issuance, by a purchaser of the unit, a principal amount of the fixed income security in exchange for purchase of the unit (see Fig. 1 and 2; paragraph [0028] and [0053]);

Aberman et al. do not teach paying at issuance, by an issuer of the unit, a forward purchase contract payment to the purchaser of the unit.

Seaman teaches paying at issuance, by an issuer of the unit, a forward purchase contract payment to the purchaser of the unit (Seaman, Fig. 3, step 304; paragraph [0010] and [0011]; the Examiner interprets exchangeable securities offered at discount for exchange with underlying securities is equivalent to issuer paying purchaser at issuance of the unit).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to include paying at issuance, by an issuer of the unit, a forward purchase contract payment to the purchaser of the unit of Aberman et al. because Seaman teaches including above feature enable the issuer to issue security to purchaser at market determined price including discount for agreement to exchange to underlying security (Seaman, paragraph [0011]).

13. As per claim 11, Aberman et al. in view Seaman teach claim 10 as described above. Aberman et al. further teach the method, wherein

the maturity date of the fixed income security of the unit is at least two years after the specified settlement date of the forward purchase contract (see paragraph [0053] and [0058]; where 3 year forward purchase commitment or purchase contract is assigned for each investment unit).

14. As per claim 12, Aberman et al. in view Seaman teach claim 10 as described above. Aberman et al. further teach the method, wherein

paying interest fee payments on the fixed income security and forward purchase contract adjustment payments to the purchaser after issuance of the unit and prior settlement of the forward purchase contract (see paragraph [0053] and [0031]).

15. As per claim 13, Aberman et al. in view Seaman teach claim 12 as described above. Aberman et al. further teach the method comprising, at settlement,

the purchaser of the unit purchasing a quantity of equity securities from the issuer of the unit for a price equal to the stated amount of the unit (see Fig. 1; paragraph [0053] and [0058]).

16. As per claim 14, Aberman et al. in view Seaman teach claim 13 as described above. Aberman et al. further teach the method, wherein

the purchaser of the unit purchasing a quantity of equity securities of the issuer includes the purchaser purchasing a quantity of common stock of the issuer (see Fig. 1; paragraph [0053] and [0058]).

17. As per claim 15, Aberman et al. in view Seaman teach claim 13 as described above. Aberman et al. further teach the method comprising

the purchaser reselling the fixed income security (see paragraph [0059]).

18. As per claim 16, Aberman et al. in view Seaman teach claim 15 as described above. Aberman et al. further teach the method, wherein

reselling the fixed income security includes the purchaser reselling the fixed income security prior to the settlement date (see paragraph [0059]).

19. As per claim 17, Aberman et al. in view Seaman teach claim 16 as described above. Aberman et al. further teach the method, wherein



the purchaser of the unit purchasing a quantity of equity securities of the issuer includes the purchaser paying the issuer with proceeds from resale of the fixed income security (see paragraph [0059]).

20. As per claim 18, Aberman et al. in view Seaman teach claim 10 as described above. Aberman et al. further teach the method, wherein

the fixed income security is a bond (see paragraph [0053]; the Examiner notes that preferred security is hybrid security, similar to bond in some respect).

21. As per claim 19, Aberman et al. in view Seaman teach claim 13 as described above. Aberman et al. further teach the method comprising

a subsidiary of the issuer of the unit issuing the fixed income security (see Fig. 1; paragraph [0028] and [0053]).

22. As per claim 20, Aberman et al. in view Seaman teach claim 19 as described above. Aberman et al. further teach the method comprising

the issuer of the unit guarantying payment obligations of the subsidiary (see paragraph [0034] and [0034]).

23. As per claim 21, Aberman et al. in view Seaman teach claim 13 as described above. Aberman et al. further teach the method comprising

a trust issuing the fixed income security, wherein the issuer of the unit has an ownership interest in the trust (see Fig. 1; paragraph [0053]).

24. As per claim 22, Aberman et al. in view Seaman teach claim 21 as described above. Aberman et al. further teach the method comprising

the issuer of the unit guarantying payment obligations of the trust (see paragraph [0053]).

25. As per claim 23, Aberman et al. in view Seaman teach claim 21 as described above. Aberman et al. further teach the method, wherein

the fixed income security includes a trust- preferred security (see paragraph [0053]; where REIT issued preferred stock).

26. As per claim 24, Aberman et al. in view Seaman teach claim 21 as described above. Aberman et al. further teach the method comprising

the trust purchasing a second fixed income security (see Fig. 1; paragraph [[0010], [0027] and [0028]; where REIT issues common stock to the parent 40 in return of contribution of REIT-eligible asset (include second fixed income securities such as mortgage backed securities) by the parent).

27. As per claim 25, Aberman et al. in view Seaman teach claim 21 as described above. Aberman et al. further teach the method comprising

the trust purchasing a second fixed income security issued by a subsidiary of the issuer of the unit (see paragraph [0010] and [0028]; REIT exchanges REIT-eligible asset with its common stock with its parent; the Examiner interprets REIT-eligible asset includes second fixed income security). in view Seaman

28. As per claim 26, Aberman et al. teach claim 13 as described above. Aberman et al. further teach the method comprising

a parent of the issuer of the unit issuing the fixed income security (see paragraph [0034]).

29. As per claim 33, 34 and 43, Aberman et al. teach a method, comprising a unit , wherein the unit includes:

a fixed income security having a maturity date, a principal amount and an interest rate (see paragraph [0053] and [0058]; where 6 million equity units preferred stock for about \$150 million is issued matures at the end of three years period; the examiner notes that preferred stock is hybrid security having characteristics of bond and stock in some way and another); and

a forward purchase contract(see paragraph [0053], wherein the fixed income security and the forward purchase contract are separable(see Fig. 2, paragraph [0030] and [0058]), wherein the forward purchase contract obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit for a price equal to a stated amount of the unit no later than a settlement date specified in the forward purchase contract(see paragraph [0034] and [0053]), and

Aberman et al. do not teach that the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit.

Seaman teaches that the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit (Seaman, Fig. 3, step 304; paragraph [0010] and [0011]; the Examiner interprets exchangeable securities offered at discount for exchange with underlying securities is equivalent to issuer paying purchaser at issuance of the unit).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to include the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit of Aberman et al. because Seaman teaches including above feature enable the issuer to issue security to purchaser at market determined price including discount for agreement to exchange to underlying security (Seaman, paragraph [0011]).

30. As per claims 35 and 44, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claims 35 and 44 are rejected under same rational as claim 2 described above.

31. As per claims 36 and 45, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 36 and 45 are rejected under same rational as claim 3 described above.

32. As per claim 37 and 46, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 37 and 46 are rejected under same rational as claim 4 described above.

33. As per claim 38 and 47, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 38 and 47 are rejected under same rational as claim 5 described above.

34. As per claim 39 and 48, Aberman et al. in view of Seaman teach claim 38 and 43 respectively as described above. Claim 39 and 48 are rejected under same rational as claim 6 described above.

35. As per claim 40 and 49, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 40 and 49 are rejected under same rational as claim 7 described above.

36. As per claim 41 and 50, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 41 and 50 are rejected under same rational as claim 8 described above.

37. As per claim 42 and 51, Aberman et al. in view of Seaman teach claim 34 and 43 respectively as described above. Claim 42 and 51 are rejected under same rational as claim 9 described above.

### ***Response to Arguments***

38. Examiner maintains the grounds of rejection of claims after reviewing the applicant arguments in the instant application. Applicant's arguments with respect to claims have been fully considered but they are not found persuasive.

Examiner respectfully disagrees that Seaman does not teach the forward purchase contract further obligates the issuer of the unit to pay a purchaser of the unit a forward purchase contract payment at issuance of the unit. Seaman teaches a special kind of prepaid forward contract (see abstract and paragraph [0010]) where forward contract involves exchange of exchangeable securities. The exchangeable security is offered at discount, which is equivalent to issuer paying forward contract payment at the issuance. At a later time at maturity date or before maturity, the exchangeable security

is exchanged for a share of the underlying security plus an agreed additional payment, if any (see Fig. 3, steps 302-308), paragraphs [011-013]).

### ***Conclusion***

39. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Aberman et al. (U.S. Pub No. 5,930,777) teaches financial instruments and method.

Bodurtha et al. (U.S. Pub No. 2003/0182219) teach total return asset contracts and associated processing systems.

Fisher et al. (U.S. Pub No. 2004/0153388) teach method and system for coupling investments for project funding.

Daughtery , III (U.S. Patent No. 6,263,321) teaches apparatus and process for calculating an option.

Lancaster et al. (U.S. Pub No. 2002/0133456) teach system and method for using derivative financial product in capacity-driven industries.

Higgins (U.S. Pub No. 2002/0120542) teaches basket option hedging method.

Lange (U.S. Patent No. 6,321,212) teaches financial product having a demand-based adjustable return and trading exchange therefor.

Williams et al. (U.S. Pub No. 2006/0212380) teach method for issuing, distributing, managing and redeeming investment instruments providing normalized annuity options.

Woodley (U.S. Pub No. 2002/0178111) teaches portfolio hedging method.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)270-1374. The examiner can normally be reached on 7:00AM-4:30PM (Monday-Friday); 2nd Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Alexander Kalinowski/  
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